HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

R.S.A No.3034 of 1998
Date of decision : 21.5..2007

Mehal Singh **.....Appellant**

versus

Punjab National Bank **.....Respondent**

CORAM : HON'BLE MR. JUSTICE HEMANT GUPTA.

Present : Mr.G.S.Jaswal, Advocate for the appellant.
Mr.J.S.Lalli, Advocate for the respondent.

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ORDER

HEMANT GUPTA, J.

With the consent of learned counsel for the parties, the main appeal is taken up for hearing today.

The defendant is in second appeal aggrieved against the judgment and decree passed by the Courts below whereby suit for recovery of Rs.1,07,797/- was decreed by the learned trial Court alongwith interest @ 7-1/2% per annum with half yearly rests from the date of filing the suit till its realization. This decree was affirmed in appeal as well.

The sole argument raised by the learned counsel for the appellant is that the loan was taken by the appellant for the purchase of Tractor i.e. for agricultural purposes and, therefore, the bank is entitled to 6% interest in terms of Section 34 of the Civil Procedure Code. It is also submitted that the agreed rate of interest is 12-1/2 % per annum and the instructions of the Reserve Bank of India are not applicable and that interest over the agreed rate of interest can not be claimed by the bank.

The issues raised in the present appeal are covered by a Constitutional Bench judgment of the Hon'ble Supreme Court in ***Central Bank of India versus Ravindra and otheres, AIR 2001 SC-3095*** wherein it has been held that in case of agricultural loan, the banks are entitled to compounded interest half yearly and the banks are bound by the instructions of the Reserve Bank of India.

In view of the said fact, it cannot be stated that the findings recorded by the Courts below are suffering from any patent illegality or irregularity which may give rise to any substantial question of law for consideration of this Court in second appeal.

Dismissed.

(HEMANT GUPTA)
JUDGE

May 21, 2007
**mohinder*